

DA 22/04/01 DE

17th October, 1984.

Mr. W. J. Kilpatrick,  
Registrar of Co-operative Societies,  
250 Elizabeth Street,  
MELBOURNE, 3000.

Dear Mr. Kilpatrick,

Authorisation of Companies under Section 49(2) -  
Co-operation Act 1981

This Federation has received an application for membership from Amalgamated Co-operative Marketers (Australia) Ltd. and at its October Board meeting the Directors of the Federation considered the application and the Memorandum and Articles of Association and agreed the applicant conformed to requirements of Co-operative practice. The Board agreed to admit the applicant into membership, subject to the issue by yourself of a certificate under Section 49(2) of the Co-operation Act 1981 that the applicant is of a substantially co-operative character.

To assist your arrival at a decision in this matter, I give below extracts from the Memorandum and Articles of Association of Amalgamated Co-operative Marketers (Australia) Ltd.

History

Amalgamated Co-operative Marketers (Australia) Ltd. was originally incorporated in August 1905 under the name "Gippsland Butter Factories Co-operative Producer Co. Ltd." There were several subsequent name changes before its present registered name. The original members were seven butter and cheese factories and one primary producer member.

Capital

Nominal capital is \$10,000,000, divided into 5,000,000 shares of \$2 each. Issued capital amounts to \$2.2m. and is currently held in the proportion 50% Co-operative dairy factories, 50% primary producer members. Members funds also include reserves of \$20,000,000.

Article 3(2) imposes a limit on the maximum shares that may be held by any one member to 100,000 shares.

Article 1 defining the Co-operative prohibits the quotation of its shares for sale or purchase at any Stock Exchange or any other public manner.

Article 5(2) places the unissued shares under the control of Directors who have power to issue different classes of shares under such terms and conditions as they think fit. Currently only one class of shares is on issue. Shares rank equally.

On winding up any excess assets remaining after payment of shares, distributed to members in proportion to paid up capital.

#### Members

May be primary producers, of which there are 6,500, or dairy factory companies, of which there are 7.

#### Voting

Article 56 provides on show of hands one person one vote. On a poll one vote is provided for each share up to a maximum of 3,750 shares and thereafter Nil.

#### Directors

The Articles provide these to be elected from members with a maximum number of 12 in the proportion of -

Dairy factory members	9
Primary producer members	3

#### Qualifications of Directors

Article 67 requires that Co-operative dairy factories nominating directors must

- (i) hold not less than 10,000 fully paid shares
- (ii) must have supplied at least 400 tonnes butterfat equivalent in previous 12 months
- (iii) Article 68 requires primary producer director nominees to be -
  - (1) the holder of at least 200 fully paid shares
  - (2) bona fide primary producers

#### Rebates

Article 116 provides for payment of rebates after payment of or provision for payment of a minimum of 5% dividend on share capital.

#### Taxation

ACMAL qualifies as a co-operative company under Division 9 of the Income Tax Assessment Act.

Recommendation

This is a secondary level Co-operative and its voting relating to share holdings is limited and does not contravene the essential Co-operative Principle so far as secondary level type Co-operatives are concerned. Its Directors are drawn from members. It provides for equitable distribution of surplus.

In view of the above, the Board of this Federation recommends the issue of a certificate that Amalgamated Co-operative Marketers (Australia) Ltd., being of a substantially Co-operative character, qualifies for membership of the Co-operative Federation of Victoria Ltd.

Should you wish to peruse the Memorandum and Articles of Association, I would be happy to pass these on to you for study and return.

Yours sincerely,

  
W. W. Rawlinson,  
Executive Officer.